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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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DEPUTY

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UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA

10 GRACE E. LA,) CASE NO.: 08 CV 0532 WQH WMC
 11 Plaintiff,) COMPLAINT FOR:
 12 v.) (1) Violation of the Securities Act of 1933
 13 ANDRÁ LEONARD ALLEN; FOREVER) [15 U.S.C. §§ 77a, et seq.] and the
 14 DIAMONDS, a business entity of unknown) Securities Exchange Act of 1934 [15
 15 origin, and DOES 1 through 50, inclusive,) U.S.C. §§ 78j, et seq.];
 16 Defendants.) (2) Violation of the Racketeer Influenced
 17) and Corrupt Organization Act [18
 18) U.S.C. § 1965(a)];
 19) Breach of Contract;
 20) Account Stated;
 21) Intentional Misrepresentation;
 22) Negligent Misrepresentation;
 23) Rescission of Sale of Security Induced
 24) by Seller's Misrepresentation or
 25) Omission of Material Fact;
 26) Violation of Nevada Revised Code §
 27) 90.660;
 28) (9) Accounting; and
 29) (10) Declaratory Relief.
 30
 31 [DEMAND FOR JURY TRIAL]

32
 33 INTRODUCTORY ALLEGATIONS

34 Plaintiff, GRACE LA, alleges as follows:

35 1. Plaintiff GRACE E. LA (hereinafter "Plaintiff"), an individual, is a citizen of the city
 36 of San Diego, state of California.

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1 2. Plaintiff is informed and believes and thereon alleges that Defendant, ANDRÁ
 2 LEONARD ALLEN (hereinafter "ALLEN"), is and at all times herein mentioned was, an individual,
 3 who is a citizen of the state of Texas.

4 3. Defendant, FOREVER DIAMONDS, is and at all times herein mentioned was, a
 5 business entity of unknown origin, with its principal place of business in the state of Nevada.

6 4. The amount in controversy, exclusive of interest and costs, exceeds the amount of
 7 Seventy Five Thousand and No/100 Dollars (\$75,000.00).

8 5. Plaintiff's claim for relief arises under federal statutory law, specifically the Securities
 9 Act of 1933 ("SA") [15 U.S.C. §§ 77a, et seq.]; the Security Exchange Act of 1934 [15 U.S.C. §§
 10 78j, et seq.]; and the Racketeer Influenced and Corrupt Organization Act ("RICO") [18 U.S.C. §
 11 1965(a)], as more fully described below.

12 6. Plaintiff's remaining claims against Defendants for Breach of Contract, Account
 13 Stated, Intentional Misrepresentation, Negligent Misrepresentation, Rescission of Sale of Security
 14 Induced by Seller's Misrepresentation or Omission of Material Fact, Violation of Nevada Revised
 15 Code § 90.660 and Declaratory relief are related to Plaintiff's claim under RICO, to the extent that
 16 the claims form part of the same case under Article III of the United States Constitution.
 17 Supplemental jurisdiction over the claims for Breach of Contract, Account Stated, Intentional
 18 Misrepresentation, Negligent Misrepresentation, Rescission of Sale of Security Induced by Seller's
 19 Misrepresentation or Omission of Material Fact, Violation of Nevada Revised Code § 90.660 and
 20 Declaratory relief are therefore proper under United States Code, Title 28, Section 1337(a).

21 7. Plaintiff is ignorant of the true names and capacities of Defendants sued herein as
 22 DOES 1 through 50, inclusive; and, therefore, sues these Defendants by such fictitious names.
 23 Plaintiff will amend this complaint to allege their true names and capacities when ascertained.
 24 Plaintiff is informed and believes and thereon alleges that each of the fictitiously named Defendants
 25 is responsible in some manner for the occurrences herein alleged, and that Plaintiff's damages, as
 26 herein alleged, were proximately caused by their conduct.

27 8. Plaintiff is informed and believes and thereon alleges that at all times herein
 28 mentioned, each Defendant was the agent, partner or employee of the other Defendants, and in doing

1 the things and making the representations herein alleged was acting in the course and scope of the
 2 agency, partnership or employment, and with the knowledge and consent of its fellow Defendants.

3 **FIRST CAUSE OF ACTION**

4 **(Violation of the Securities Act of 1933 and the Securities Exchange Act Against**
 5 **Defendants ALLEN, FOREVER DIAMONDS and DOES 1 through 50)**

6 9. Plaintiff realleges paragraphs 1 through 8, inclusive, as though fully set forth herein.

7 10. This claim arises under the Securities Act of 1933 and the Securities Exchange Act
 8 of 1934.

9 11. On or about February 5, 2007, Plaintiff entered into an oral agreement with Defendant
 10 ALLEN, who represented that he had the authority to act as the agent for Defendant FOREVER
 11 DIAMONDS. Pursuant to the terms of the agreement, Plaintiff agreed to purchase shares of stock
 12 with FOREVER DIAMONDS for a total sum of One Hundred Five Thousand and No/100 Dollars
 13 (\$105,000.00).

14 12. Sometime prior to February 5, 2007, Defendant ALLEN made the following
 15 misrepresentations of material facts to Plaintiff:

16 a. ALLEN offered to sell Plaintiff shares in FOREVER DIAMONDS in
 17 exchange for Plaintiff paying him a total sum of One Hundred Five Thousand
 18 and No/100 Dollars (\$105,000.00). When ALLEN made these
 19 representations on behalf of FOREVER DIAMONDS, he had no intention of
 20 ever giving Plaintiff documented proof of her ownership of shares in
 21 FOREVER DIAMONDS.

22 b. Furthermore, ALLEN represented to Plaintiff that investing in FOREVER
 23 DIAMONDS would be a sound investment decision for her.

24 13. Defendant ALLEN knowingly or with reckless disregard for the truth thereof, made
 25 the misrepresentations of material facts, as outlined in Paragraph 12 herein. Defendant ALLEN
 26 made these material misrepresentations with the intent to deceive or defraud Plaintiff.

27 14. Defendants ALLEN and FOREVER DIAMONDS, for the purpose of executing the
 28 scheme and artifice to defraud Plaintiff of her money, transmitted and caused to be transmitted

1 communications by means of wire or telephone in interstate commerce. Such interstate commerce
 2 communications by wire or telephone included, without limitation, telephone calls between ALLEN
 3 and Plaintiff prior to and after February 5, 2007. Such telephone conversations took place daily,
 4 from at least January 17, 2007 through July 6 ,2007.

5 15. As an officer and agent of FOREVER DIAMONDS, Defendant ALLEN owed
 6 Plaintiff a duty to disclose the truth.

7 16. Plaintiff reasonably relied upon Defendant ALLEN's representations.

8 17. From and after February 5, 2007, Plaintiff has made multiple requests to ALLEN for
 9 written documentation confirming the ownership of her shares in FOREVER DIAMONDS.
 10 However, to date, Defendants have failed and refused, and continue to fail and refuse to provide
 11 Plaintiff with any such documentation.

12 18. As a direct and proximate result of the conduct by Defendants ALLEN and
 13 FOREVER DIAMONDS, Plaintiff has been damaged in a total sum of One Hundred Eighty
 14 Thousand and No/100 Dollars (\$180,000.00).

15 **SECOND CAUSE OF ACTION**

16 **(Violation of the Racketeer Influenced and Corrupt Organization Act ("RICO") Against
 17 Defendants FOREVER DIAMONDS, ALLEN and DOES 1 through 50)**

18 19. Plaintiff realleges paragraphs 1 through 8, 11 through 12, and 14, inclusive, as though
 19 fully set forth herein.

20 20. Defendant FOREVER DIAMONDS is an "enterprise" as that term is defined in 18
 21 U.S. C. § 1961, engaged in interstate commerce and carrying on activities that affect interstate
 22 commerce. Such activities in and affecting interstate commerce include, among other things, the
 23 purchase and sale of shares that have moved in interstate commerce.

24 21. Sometime prior to February 5, 2007, Defendants ALLEN and FOREVER
 25 DIAMONDS devised a scheme and artifice to deprive Plaintiff of her property by convincing
 26 Plaintiff to invest a total sum of One Hundred Five Thousand and No/100 Dollars (\$105,000.00),
 27 for the purpose of enabling Defendants to personally profit from such sums without actually granting
 28 Plaintiff any shares in FOREVER DIAMONDS.

1 22. Defendants ALLEN and FOREVER DIAMONDS, for the purpose of executing the
2 scheme and artifice to defraud Plaintiff of her money, used and cause to be used the mails of the
3 United States. Such use of the United States mails for purposes effectuating the scheme to deprive
4 plaintiff of her money, included, without limitation, soliciting monies from Plaintiff on numerous
5 occasions prior to February 5, 2007.

6 23. Defendants ALLEN and FOREVER DIAMONDS, for the purpose of executing the
7 scheme and artifice to defraud Plaintiff of her money, transmitted and caused to be transmitted
8 communications by means of wire or telephone in interstate commerce. Such interstate commerce
9 communications by wire or telephone included, without limitation, telephone calls between ALLEN
10 and Plaintiff prior to and after February 5, 2007. Such telephone conversations took place daily,
11 from at least January 17, 2007 through July 6 ,2007.

12 24. The use of the mails for the purposes of effectuating the above-mentioned scheme
13 to defraud Plaintiff, which occurred on more than one (1) occasion in the past ten (10) years, or the
14 transmission of interstate communications by wire or telephone to effectuate the scheme, which
15 occurred on more than one (1) occasion in the past ten (10) years, constitutes, for the purposes of this
16 action, a pattern of racketeering activity in violation of 18 U.S.C. § 1962, for which treble damages,
17 costs of the suit and attorneys' fees may be sought under 18 U.S.C. § 1964©).

18 25. Defendant ALLEN and FOREVER DIAMONDS' unlawful conduct is in violation
19 of 18 U.S.C. § 1962 subd. (a) through (c).

20 26. Plaintiff became a victim of Defendants' unlawful conduct in that she tendered a total
21 sum of One Hundred Five Thousand and No/100 Dollars (\$105,000.00) to ALLEN for the purpose
22 of purchasing a securities in FOREVER DIAMONDS and she tendered a total sum of Seventy Five
23 Thousand and No/100 Dollars (\$75,000.00) to ALLEN for the purpose of investing the monies in
24 certificates of deposit and other investment products in the state of Texas.

25 27. From and after February 5, 2007, Defendants ALLEN and FOREVER DIAMONDS
26 engaged in a pattern of racketeering by engaging in fraud in the sale of securities. ALLEN
27 represented to Plaintiff that he had the authority to act on behalf of FOREVER DIAMONDS.
28 ALLEN offered to sell Plaintiff shares in FOREVER DIAMONDS in exchange for Plaintiff paying

1 him a total sum of One Hundred Five Thousand and No/100 Dollars (\$105,000.00). Furthermore,
 2 ALLEN represented to Plaintiff that investing in FOREVER DIAMONDS would be a sound
 3 investment decision for her. When ALLEN made these representations on behalf of FOREVER
 4 DIAMONDS, he had no intention of ever giving Plaintiff an shares in FOREVER DIAMONDS.

5 28. In addition, on or about February 26, 2007, Defendant ALLEN offered to invest in
 6 certificates of deposit and other investment instruments on Plaintiff's behalf, if she tendered him a
 7 sum of Seventy Five Thousand and No/100 Dollars (\$75,000.00). ALLEN represented to Plaintiff
 8 that he was a knowledgeable and savvy businessman, capable of making good investment decisions
 9 on her behalf. When ALLEN made these representations, he had no intention of actually investing
 10 the money in certificates of deposit or any other type of investment instrument on Plaintiff's behalf.

11 29. To date, there has been no criminal conviction for a violation of any of the predicate
 12 acts by Defendants, as stated in paragraphs 21, 22, 23 and 24.

13 30. Plaintiff is informed, believes and thereon alleges that to date, no civil litigation has
 14 resulted in a judgment with regard to any predicate act by Defendants, as described in paragraphs
 15 21, 22, 23 and 24.

16 31. The predicate acts by Defendants ALLEN and FOREVER DIAMONDS form a
 17 pattern of racketeering activity.

18 32. The predicate acts related to each other as part of a common plan to steal money from
 19 Plaintiff. Neither ALLEN nor FOREVER DIAMONDS ever intended to grant Plaintiff any shares
 20 in FOREVER DIAMONDS.

21 33. The racketeering enterprise includes ALLEN and FOREVER DIAMONDS.
 22 Defendant ALLEN claims to be an employee/officer/director of FOREVER DIAMONDS, the
 23 enterprise.

24 34. As a direct and proximate result of the conduct by Defendants ALLEN and
 25 FOREVER DIAMONDS, Plaintiff has been damaged in a total sum of One Hundred Eighty
 26 Thousand and No/100 Dollars (\$180,000.00).

27 35. Plaintiff's pendent state claims include breach of contract, account stated, intentional
 28 misrepresentation, negligent misrepresentation, accounting and declaratory relief.

THIRD CAUSE OF ACTION

(Pendent Claim - Breach of Contract Against All Defendants)

3 36. Plaintiff realleges paragraphs 1 through 8, and 11, inclusive, as though fully set forth
4 herein.

5 37. On or about November 14, 2006, Plaintiff entered into an oral agreement with
6 Defendant ALLEN, whereby she agreed to loan him Five Hundred and No/100 Dollars (\$500.00)
7 as a personal loan. Thereafter, on or about June 29, 2007, Plaintiff entered into an oral agreement
8 with Defendant ALLEN, whereby she agreed to loan him an additional sum of Five Hundred and
9 No/100 Dollars (\$500.00).

10 38. On or about February 5, 2007, Plaintiff entered into an oral agreement with Defendant
11 ALLEN, whereby she agreed to and contemporaneously tendered to him One Hundred Five
12 Thousand and No/100 Dollars (\$105,000.00) for the purpose of investing it in FOREVER
13 DIAMONDS. ALLEN represented himself as an agent of FOREVER DIAMOND when he formed
14 this agreement.

15 39. On or about February 26, 2007, Plaintiff entered into an oral agreement with
16 Defendant ALLEN, whereby she agreed to and contemporaneously tendered to him Seventy Five
17 Thousand and No/100 Dollars (\$75,000.00) for the purpose of investing it in certificate of deposit
18 on Plaintiff's behalf, in Texas.

19 40. Plaintiff has performed all terms and conditions of the agreement that she was
20 obligated to perform.

21 41. On or after February 5, 2007, Defendant ALLEN breached the agreement by cashing
22 the check for One Hundred Five Thousand and No/100 Dollars (\$105,000.00) and failing to invest
23 it on behalf of Plaintiff as he promised. Plaintiff is informed and believes and thereon alleges that
24 Defendant ALLEN failed to deposit the funds with FOREVER DIAMONDS; failed to invest the
25 funds on Plaintiff's behalf; and failed to inform Plaintiff of the whereabouts of her money despite
26 repeated inquiries.

27 42. On or about February 26, 2007, Defendant ALLEN further breached the agreement
28 by cashing the check for Seventy Five Thousand and No/100 Dollars (\$75,000.00) and failing to

1 invest it on behalf of Plaintiff as he promised. Plaintiff is informed and believes and thereon alleges
2 that Defendant ALLEN failed to deposit the funds in a certificate of deposit; failed to invest the
3 funds on Plaintiff's behalf; and failed to inform Plaintiff of the whereabouts of her money despite
4 repeated inquiries.

5 43. On or about July 28, 2007, and afterward, Plaintiff made repeated oral and written
6 demands to Defendant ALLEN to reimburse her for the two (2) personal loans that she tendered to
7 ALLEN, totaling One Thousand and No/100 Dollars (\$1,000.00). Defendant ALLEN failed and
8 refused, and continues to fail and refuse to repay the loan amount to Plaintiff.

9 44. As a direct and proximate result of the breaches by Defendant ALLEN, acting as the
10 agent of FOREVER DIAMONDS, Plaintiff has been damaged in a total sum in excess of One
11 Hundred Five and No/100 Dollars (\$105,000.00).

12 45. As a further direct and proximate result of the breaches by Defendant ALLEN,
13 Plaintiff has been damaged in an additional total sum of Seventy Six Thousand and No/100 Dollars
14 (\$76,000.00), plus interest at the legally permissible rate per annum from and after February 26,
15 2007.

FOURTH CAUSE OF ACTION

(Pending Claim - Account Stated As Against Defendants ALLEN and DOES 1-50)

18 46. Plaintiff realleges paragraphs 1 through 8, 11, and 36 through 45, inclusive, as though
19 fully set forth herein.

20 47. On or about July 28, 2007, an account was stated in writing by and between Plaintiff
21 and Defendant ALLEN and on such statement a balance of One Hundred Eighty One Thousand and
22 No/100 Dollars (\$181,000.00) was found due to Plaintiff from Defendant ALLEN.

23 48. Although demanded by Plaintiff from Defendant, no portion of the owed sum as been
24 repaid.

25 49. There is now due, owing, and unpaid from Defendant to Plaintiff the sum of One
26 Hundred Eighty One Thousand and No/100 Dollars (\$181,000.00), together with interest thereon at
27 the rate of seven percent (7%) per annum, from and after February 26, 2007.

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1 50. Plaintiff has incurred attorneys' fees in connection with this matter, in an amount to
2 be determined at trial, which fees Plaintiff is entitled to recover from Defendant pursuant to
3 California Civil Code § 1717.5.

FIFTH CAUSE OF ACTION

(Pending Claim - Intentional Misrepresentation As Against Defendants ALLEN and DOES

1-50)

7 51. Plaintiff realleges paragraphs 1 through 8, 11 through 12, 14 through 18, 21 through
8 23, 26, 28 and 34, inclusive, as though fully set forth herein.

9 52. On or about February 5, 2007, Defendant ALLEN made the following representations
10 to Plaintiff:

11 a. Defendant stated that he was knowledgeable in the jewelry business;

12 b. Defendant stated that held an ownership interest in a company called

13 FOREVER DIAMONDS, located in Carson City, Nevada;

14 c. Defendant offered Plaintiff an interest in FOREVER DIAMONDS if she

15 gave him a total sum of One Hundred Five Thousand and No/100 Dollars

16 (\$105,000.00); and

17 d. Defendant agreed to invest the money in FOREVER DIAMONDS on

18 Plaintiff's behalf.

19 53. Thereafter, on or about February 26, 2007, Defendant ALLEN made the following
20 representations to Plaintiff:

21 a. Defendant stated that he was knowledgeable in investing money for other
22 persons;
23 b. Defendant offered to invest money in certificates of deposit and other
24 investment instruments on Plaintiff's behalf if she gave him a total sum of
25 Seventy Five Thousand and No/100 Dollars (\$75,000.00); and
26 c. Defendant ALLEN agreed to invest the money on Plaintiff's behalf.

27 54. In addition, on two separate occasions, Defendant ALLEN made the following
28 representations to Plaintiff:

a. On or about November 14, 2006, Defendant stated that he was short on cash and agreed to repay Plaintiff if she loaned him a total sum of Five Hundred and No/100 Dollars (\$500.00);

b. Thereafter, on or about June 29, 2007, Defendant again stated that he was short on cash and agreed to repay Plaintiff if she loaned him an additional sum of Five Hundred and No/100 Dollars (\$500.00).

55. The representations made by Defendant ALLEN were in fact false.

8 56. When Defendant ALLEN made these representations, he knew them to be false and
9 made these representations with the intent to deceive, defraud and induce Plaintiff to act in reliance
10 of these representations in the manner hereinafter alleged.

11 57. Plaintiff, at the time these representations were made by Defendant, and at the time
12 Plaintiff took the actions herein alleged, was ignorant of the falsity of Defendant's representations,
13 and believed them to be true. In reliance on these representations, Plaintiff was induced to and did
14 give Defendant One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00) to invest on her
15 behalf, plus One Thousand and No/100 Dollars (\$1,000.00) as a personal loan, to be repaid to
16 Plaintiff. Had Plaintiff known the actual facts, she would not have taken such action. Plaintiff's
17 reliance on Defendant ALLEN's representations was justified because ALLEN held himself out as
18 a financial advisor, investor and knowledgeable entrepreneur.

19 58. As a proximate result of the fraudulent conduct of Defendant ALLEN as herein
20 alleged, Plaintiff was induced to give Defendant ALLEN a total sum of One Hundred Eighty One
21 Thousand and No/100 Dollars (\$181,000.00). However, Plaintiff has received no documentation
22 that any sum of money was ever invested with FOREVER DIAMONDS, on Plaintiff's behalf. In
23 addition, Plaintiff has received no documentation that Defendant ALLEN ever opened any
24 certificates of deposit or investment accounts on her behalf. Furthermore, despite repeated demands
25 for reimbursement of the One Thousand and No/100 Dollars (\$1,000.00) that Plaintiff loaned
26 Defendant, he has failed and refused, and continues to fail and refuse to repay any portion of the loan
27 and now claims that it was a gift. Based upon the foregoing, Plaintiff has been damaged in a sum
28 of One Hundred Eighty One Thousand and No/100 Dollars (\$181,000.00), plus interest at the legally

1 || permissible rate per annum.

2 59. The aforementioned conduct of Defendant ALLEN was an intentional
3 misrepresentation, deceit, or concealment of a material fact known to the Defendant with the
4 intention on the part of the Defendant of thereby depriving Plaintiff of property or legal rights or
5 otherwise causing injury, and was despicable conduct that subjected Plaintiff to a cruel and unjust
6 hardship in conscious disregard of Plaintiff's rights, so as to justify an award of exemplary and
7 punitive damages.

SIXTH CAUSE OF ACTION

(Pending Claim - Negligent Misrepresentation As Against Defendants ALLEN and DOES

1-50)

11 60. Plaintiff realleges paragraphs 1 through 8, 11 through 12, 52 through 54, inclusive,
12 as though fully set forth herein.

13 61. When Defendant ALLEN made these representations, he had no reasonable ground
14 for believing them to be true. Plaintiff is informed and believes and thereon alleges that ALLEN
15 never invested the sums he received from Plaintiff as promised but instead kept the money for his
16 own personal use.

17 62. Defendant ALLEN made these representations with the intention of inducing Plaintiff
18 to act in reliance on these representations in the manner alleged, or with the expectation that Plaintiff
19 would so act.

SEVENTH CAUSE OF ACTION

**(Pending Claim - Rescission of Sale of Security Induced by Seller's Misrepresentation or
Omission of Material Fact Against All Defendants)**

23 63. Plaintiff realleges paragraphs 1 through 8, 11 through 12, and 36 through 50,
24 inclusive, as though fully set forth herein.

25 64. On or about February 5, 2007, Plaintiff purchased securities for a total price of One
26 Hundred Five Thousand and No/100 Dollars (\$105,000.00), from Defendant FOREVER
27 DIAMONDS.

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1 65. Defendant ALLEN, who represented that he had the authority to act as the agent for
 2 Defendant FOREVER DIAMONDS, offered to sell and sold the securities described above by means
 3 of an oral communication that included an untrue statement of a material fact to Plaintiff that she
 4 would secure an ownership interest in FOREVER DIAMONDS and earn a lucrative return on her
 5 investment.

6 66. The statement made by Defendant ALLEN was untrue in that:

- 7 a. At all relevant times, Defendant ALLEN was not authorized to transact
 8 business in the state of Nevada as a sales representative of FOREVER
 9 DIAMONDS, in violation of Nevada Revised Statute § 90.310;
- 10 b. At all relevant times, the securities for FOREVER DIAMONDS were not
 11 registered or exempt from registration pursuant to Nevada Revised Statute §
 12 90.460; and
- 13 c. ALLEN never intended to tender such securities to Plaintiff and in fact failed
 14 and refused to tender such securities to Plaintiff after receiving payment for
 15 the same.

16 67. Plaintiff did not know that the statements made by Defendant ALLEN were untrue.
 17 If Plaintiff had known that the statements made by Defendant ALLEN were untrue, she would not
 18 have purchased the securities from Defendant.

19 68. Defendant ALLEN and FOREVER DIAMOND's conduct as described above was
 20 in violation of Nevada Revised Statute §§ 90.310, 90.460 and 90.570.

21 69. Nevada Revised Statute § 90.310 states in pertinent part, "1. It is unlawful for any
 22 person to transact business in this State as a broker-dealer or sales representative unless licensed or
 23 exempt from licensing under this chapter. 2. It is unlawful for any issuer or any broker-dealer
 24 licensed under this chapter to employ or contract with a person as a sales representative within this
 25 State unless the sales representative is licensed or exempt from licensing under this chapter. 3. It is
 26 unlawful for any person to transact business in this State as a transfer agent unless licensed or
 27 exempt from licensing under this chapter."

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1 70. Nevada Revised Statute § 90.460 states in pertinent part, "It is unlawful for a person
2 to offer to sell or sell any security in this State unless the security is registered or the security or
3 transaction is exempt under this chapter."

4 71. Nevada Revised Statute § 90.570 states in pertinent part, "In connection with the offer
5 to sell, sale, offer to purchase or purchase of a security, a person shall not, directly or indirectly: 1.
6 Employ any device, scheme or artifice to defraud; 2. Make an untrue statement of a material fact or
7 omit to state a material fact necessary in order to make the statements made not misleading in the
8 light of the circumstances under which they are made; or 3. Engage in an act, practice or course of
9 business which operates or would operate as a fraud or deceit upon a person."

10 72. Before the entry of judgment, Plaintiff shall tender to Defendant FOREVER
11 DIAMONDS, any and all security interest that she purchased from Defendant FOREVER
12 DIAMONDS.

EIGHTH CAUSE OF ACTION

(Pending Claim -Violation of Nevada Revised Code § 90.660 Against All Defendants)

15 73. Plaintiff realleges paragraphs 1 through 8, 11 through 12, 36 through 50 and 63
16 through 72, inclusive, as though fully set forth herein.

17 74. Defendant ALLEN and FOREVER DIAMOND's conduct as described in paragraphs
18 63 through 67 above was in violation of Nevada Revised Statute § 90.660.

19 75. Pursuant to Nevada Revised Statute § 90.660, Plaintiff may recover the consideration
20 totaling One Hundred Five Thousand and No/100 Dollars paid for securities in FOREVER
21 DIAMONDS and interest at the legal rate of the State of Nevada, from the date of payment on
22 February 5, 2007, plus costs and reasonable attorneys' fees.

23 76. Plaintiff previously provided both oral and written notice of willingness to exchange
24 the security for the repayment of One Hundred Five Thousand and No/100 Dollars (\$105,000.00).
25 To date, Defendants failed and refused and continue to fail and refuse to tender such sum to Plaintiff
26 in exchange for the security in FOREVER DIAMONDS.

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NINTH CAUSE OF ACTION

(Pendent Claim - Accounting As Against Defendants ALLEN and DOES 1-50)

77. Plaintiff realleges Paragraphs 1 through 8, 11, 36 through 50, inclusive, as though fully set forth herein.

78. On or about February 5, 2007, in San Diego County, California, Plaintiff and Defendant entered into an oral agreement whereby Defendant undertook the sole charge and management of Plaintiff's One Hundred Fiver Thousand and No/100 Dollars (\$105,000.00) for the purpose of investing the funds in a company called FOREVER DIAMONDS.

79. Thereafter, on or about February 26, 2007, in San Diego County, California, Plaintiff and Defendant entered into an oral agreement whereby Defendant undertook the sole charge and management of Plaintiff's Seventy Five Thousand and No/100 Dollars (\$75,000.00) for the purpose of investing the funds in certificates of deposit and other investment instruments in Texas.

80. Defendant ALLEN's obligations under the agreement included the duty to care for and protect, in all particulars, the Plaintiff's financial interests in connection with the investments; to provide periodic statements of accounts of all moneys from the investment activities; and to pay over to Plaintiff all money received.

81. Between February 5, 2007 and February 26, 2007, in the course of the aforementioned charge and management, Defendant ALLEN received One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00) from Plaintiff. Defendant agreed to invest the monies on Plaintiff's behalf in a company called FOREVER DIAMONDS and in certificates of deposit and other investment instruments in Texas.

82. The amount of money due from Defendant ALLEN to Plaintiff is unknown to Plaintiff and cannot be ascertained without an accounting of the investment funds. Plaintiff is informed and believes and thereon alleges that the amount owed, however, exceeds the sum of One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00).

83. On or about July 28, 2007, Plaintiff demanded that Defendant ALLEN account for the One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00), and pay the amount found due to Plaintiff; but Defendant has failed and refused, and continues to fail and refuse, to render the

1 accounting and pay Plaintiff.

2 **TENTH CAUSE OF ACTION**

3 **(Pendent Claim - Declaratory Relief As Against Defendants ALLEN and DOES 1-50)**

4 84. Plaintiff realleges Paragraphs 1 through 83, inclusive, as though fully set forth herein.

5 85. Plaintiff is informed and believes and thereon alleges that Defendant ALLEN will
6 deny his respective obligations, representations and duties owed to Plaintiff as previously alleged
7 herein.

8 86. Plaintiff desires a judicial determination of her rights and responsibilities vis-à-vis
9 those of Defendant ALLEN as alleged herein and defined under the contracts. Plaintiff further
10 desires a judicial declaration that Defendant ALLEN has an affirmative obligation under the contract
11 account for monies had and received and respond in damages for the misappropriation of funds,
12 which he agreed to invest on Plaintiff's behalf.

13 87. A judicial determination is necessary and appropriate at this time under the
14 circumstances in order that Plaintiff may ascertain her rights and duties and to avoid a multiplicity
15 of lawsuits.

16 **WHEREFORE**, Plaintiff prays for judgment against Defendants, and each of them as
17 follows:

18 **FIRST CAUSE OF ACTION:**

19 1. For compensatory damages according to proof, plus interest, as allowed by law;
20 2. For punitive damages according to proof;
21 3. For costs of suit herein; and
22 4. For reasonable attorneys' fees, according to proof; and
23 5. For such other and further relief as the Court may deem proper.

24 **SECOND CAUSE OF ACTION:**

25 1. For damages according to proof;
26 2. For interest on said damages at the maximum legal rate, from February 26, 2007;
27 3. For costs of suit herein; and
28 4. For such other and further relief as the Court may deem proper.

1 THIRD CAUSE OF ACTION:

2 1. For damages according to proof;
 3 2. For interest on said damages at the maximum legal rate, from February 26, 2007;
 4 3. For costs of suit herein; and
 5 4. For such other and further relief as the Court may deem proper.

6 FOURTH CAUSE OF ACTION:

7 1. For the sum of Thirty Three Thousand Five Hundred Thirty-Seven and 00/100
 8 (\$33,537.00);
 9 2. For interest on said damages at the maximum legal rate, from February 26, 2007;
 10 3. For attorneys' fees in an amount to be determined at trial;
 11 4. For costs of suit herein incurred; and
 12 5. For such other and further relief as the Court may deem proper.

13 FIFTH CAUSE OF ACTION:

14 1. For damages according to proof;
 15 2. For interest on said damages at the maximum legal rate, from February 26, 2007;
 16 3. For punitive damages in an amount appropriate to punish Defendants and to deter
 17 others from engaging in similar misconduct;
 18 4. For costs of suit herein; and
 19 5. For such other and further relief as the Court may deem proper.

20 SIXTH CAUSE OF ACTION:

21 1. For damages according to proof;
 22 2. For interest on said damages at the maximum legal rate, from February 26, 2007;
 23 3. For punitive damages in an amount appropriate to punish Defendant and to deter
 24 others from engaging in similar misconduct;
 25 4. For costs of suit herein; and
 26 5. For such other and further relief as the Court may deem proper.

27 SEVENTH CAUSE OF ACTION:

28 1. Rescinding the sale of the securities and ordering Defendants ALLEN and FOREVER

1 DIAMONDS to pay to Plaintiff the sum of One Hundred Five Thousand and No/100 Dollars
 2 (\$105,000.00), the consideration paid of the securities, plus interest at the legal rate;

3 2. For costs of the suit; and

4 3. For such other and further relief as the Court may deem proper.

5 EIGHTH CAUSE OF ACTION:

6 1. For damages in the sum of One Hundred Five Thousand and No/100 Dollars
 7 (\$105,000.00);

8 2. For interest on said damages at the maximum legal rate, from February 5, 2007.

9 3. For attorneys' fees pursuant to Nevada Revised Statute § 90.660;

10 4. For costs of the suit; and

11 5. For such other and further relief as the Court may deem proper.

12 NINTH CAUSE OF ACTION:

13 1. For an accounting between Plaintiff and Defendant;

14 2. For interest on said damages at the maximum legal rate, from February 26, 2007;

15 3. For costs of the suit herein; and

16 4. For such other and further relief as the Court may deem proper.

17 TENTH CAUSE OF ACTION:

18 1. For a judicial determination that Defendant must account for monies had
 19 and received;

20 2. For a judicial determination that Defendant must respond in damages for
 21 the misappropriation of funds, which he agreed to invest on Plaintiff's behalf; and

22 3. For such other and further relief as the Court may deem proper.

23 Dated: March 21, 2008

Respectfully Submitted,

24 CHRISTENSEN SCHWERTDFEGER
 & SPATH LLP

25 By:


 26 Charles B. Christensen, Esq.
 27 Sean D. Schwerdtfeger, Esq.
 28 Anna R. Salusky, Esq.

Attorneys for Plaintiff GRACE E. LA

**UNITED STATES
DISTRICT COURT**
SOUTHERN DISTRICT OF CALIFORNIA
SAN DIEGO DIVISION

149018 - SH

**March 21, 2008
14:07:01**

Civ Fil Non-Pris

USAO #: 08CV0532
Judge.: WILLIAM Q HAYES
Amount.: \$350.00 CK
Check#: BC4472

Total-> \$350.00

FROM: LA V. LEONARD ET AL

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

GRACE LA

(b) County of Residence of First Listed Plaintiff San Diego
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Christensen Schwerdtfeger & Spath LLP; 550 West "C" Street, Suite 1660, San Diego, CA 92101; Tel: (619) 236-9343.

DEFENDANTS

ANDRÁ LEONARD & LILLEMFOREVER DIAMONDS, a business entity of unknown origin, and DOES 1 through 50, inclusive.

County of Residence of First Listed Defendant Las Vegas, Nevada
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED

DEPUTY

Attorneys (If Known)

Unknown

'08 CV U 532 WQH WMc

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

<input type="checkbox"/> 1 U.S. Government Plaintiff	<input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)
<input type="checkbox"/> 2 U.S. Government Defendant	<input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

PTF	DEF	PTF	DEF
<input checked="" type="checkbox"/> 1 Citizen of This State	<input type="checkbox"/> 1 Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
<input type="checkbox"/> 2 Citizen of Another State	<input checked="" type="checkbox"/> 2 Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
<input type="checkbox"/> 3 Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3 Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/ Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWV (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))
				FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609

V. ORIGIN

(Place an "X" in One Box Only)

 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation

Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): Securities Act of 1933 [15 U.S.C. §§ 77a, et seq.], Securities Exchange Act of 1934 [15 U.S.C. §§ 78j, et seq.]Brief description of cause: Demand for no less than \$180,000.00 in damages, according to proof.

VII. REQUESTED IN COMPLAINT:

 CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE None

DOCKET NUMBER N/A

DATE

03/21/2008

SIGNATURE OF ATTORNEY OF RECORD

Anna R. Salusky

FOR OFFICE USE ONLY

RECEIPT # 149018AMOUNT \$350

APPLYING IFP

JUDGE

MAG. JUDGE

3/21/08

CN